

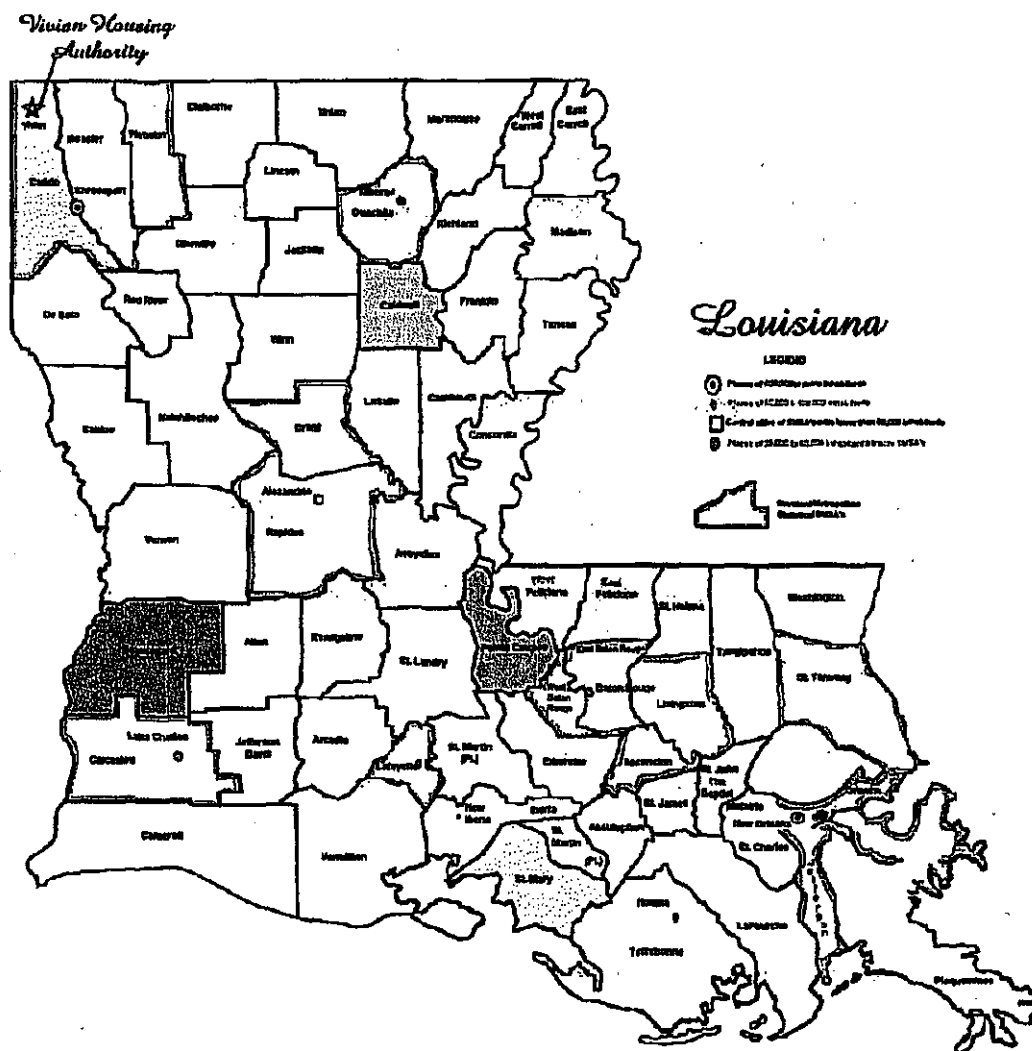
**HOUSING AUTHORITY  
OF THE  
TOWN OF VIVIAN, LOUISIANA**

**Annual Financial Statements  
September 30, 2011**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 07 2012**

# HOUSING AUTHORITY OF THE TOWN OF VIVIAN VIVIAN, LOUISIANA



\* The Vivian Housing Authority is chartered as a public corporation for the purpose of administering housing programs for low income families. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the Vivian Housing Authority to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

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September 30, 2011**

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**INDEPENDENT ACCOUNTANT'S REPORT**

Housing Authority of the Town of Vivian  
Vivian, Louisiana

We have reviewed the accompanying basic financial statements of the business-type activities of the Housing Authority of the Town of Vivian, Louisiana, as of and for the year ended September 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the management of the Housing Authority of the Town of Vivian, Louisiana. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

The management of the Housing Authority of the Town of Vivian, Louisiana is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated December 20, 2011, on the results of our agreed-upon procedures.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. The management's discussion and analysis on pages 3 through 6 are presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and accordingly, we do not express an opinion or provide any assurance on such supplementary information.

*John R. Vercher PC*

December 20, 2011  
Jena, Louisiana

**Housing Authority of the Town of Vivian  
Management's Discussion and Analysis  
September 30, 2011**

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As management of the Housing Authority of the Town of Vivian, we offer readers of the Authority's basic financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with the Authority's basic financial statements, which are attached.

**Financial Highlights**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$1,158,324 (net assets).

As of the close of the current fiscal year, the Authority's ending unrestricted net assets were \$258,129.

The Authority's cash balance at September 30, 2011, was \$89,812, of which \$7,662 is restricted. Investments totaled \$179,630.

The Authority had total revenue of \$353,694 in which \$327,693 was operating revenue and \$26,001 was non-operating revenue.

The Authority had total expenses of \$421,708, leaving a total change in net assets of \$(68,014).

**Overview of the Basic Financial Statements**

The discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of the Statement of Net Assets, Statement of Revenue, Expenses and Changes in Net Assets, Statement of Cash Flows, and the notes to the basic financial statements.

The Authority has only one fund type, namely a proprietary fund. The Statement of Net Assets includes all of the Authority's assets and liabilities. This fund type is unused for activities which are financed and operated in a manner similar to those in the private sector.

The Authority has two main funding sources in its financial operation. These are the Low Rent Public Housing and the Capital Fund programs. The Low Rent Program consists of 80 units. Funding is provided based on dwelling rents paid by the tenants and operating fund payments received by the Department of Housing & Urban Development based on a formula. The purpose of this program is to provide funding for low rent housing programs to allow them to make purchases and capital improvements for the current dwelling structures and assist in their operations.

**Housing Authority of the Town of Vivian  
Management's Discussion and Analysis - Continued  
September 30, 2011**

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**Overview of the Basic Financial Statements-Cont.**

The Authority's overall financial position and operations for the past two years are summarized below based on the information in the current and prior financial statements.

The table below lists the asset and liability comparisons for the year ended September 30, 2011.

**Statement of Net Assets**

	<b>2010</b>	<b>2011</b>	<b>% Change</b>
Current Assets	\$ 292,220	\$ 286,103	-2.1
Capital Assets Net of Depreciation	964,818	900,195	-6.7
<b>Total Assets</b>	<b>1,257,038</b>	<b>1,186,298</b>	<b>-5.6</b>
Current Liabilities	30,700	27,974	-8.9
Non-Current Liabilities	-0-	-0-	0.0
<b>Total Liabilities</b>	<b>30,700</b>	<b>27,974</b>	<b>-8.9</b>
<b>Equity</b>			
Invest in Capital Assets	964,818	900,195	-6.7
Unrestricted Net Assets	261,520	258,129	-1.3
<b>Total Net Assets</b>	<b>\$ 1,226,338</b>	<b>\$ 1,158,324</b>	<b>-5.5</b>

- The Authority's cash decreased by \$9,156 while investments increased by \$3,781.
- Capital Assets decreased by \$64,623 as of September 30, 2011. The primary source of this decrease is due to depreciation expense in the amount of \$94,377.
- Current liabilities decreased by \$2,726. The primary source of this decrease is due to a decrease in accounts payable of \$1,675.
- The Authority's unrestricted net assets decreased by \$3,391 for the current year.

**Housing Authority of the Town of Vivian  
Management's Discussion and Analysis - Continued  
September 30, 2011**

**Overview of the Basic Financial Statements-Cont.**

The table below lists the revenue and expense comparisons for the year ended September 30, 2011.

**Statement of Revenues, Expenses, & Change in Net Assets**

	<u>2010</u>	<u>2011</u>	<u>% Change</u>
<b>Operating Revenue</b>			
Tenant Revenue	\$ 137,348	\$ 147,844	7.6
HUD PHA OPERATING	196,149	179,849	-8.3
<b>Total Operating Revenue</b>	<u>333,497</u>	<u>327,693</u>	-1.7
<b>Operating Expenses</b>			
Administrative	122,042	124,818	2.3
Tenant Services	16,902	3,645	-78.4
Utilities	38,189	34,408	-9.9
Maintenance	123,477	120,280	-2.6
Insurance	35,170	33,169	-5.7
PILOT	10,056	10,811	7.5
Other	794	200	-74.8
Depreciation	93,139	94,377	1.3
<b>Total Operating Expenses</b>	<u>439,769</u>	<u>421,708</u>	-4.0
<b>Operating Income (Loss)</b>	(106,272)	(94,015)	-11.5
<b>Non-Operating Revenue (Expenses)</b>			
Capital Grants	324,544	14,009	-95.7
Investment Income	5,708	3,543	-37.9
Other Revenue	24,287	8,449	-65.2
<b>Total Non-Operating Revenue (Expenses)</b>	<u>354,539</u>	<u>26,001</u>	-92.7
<b>Change In Net Assets</b>	248,267	(68,014)	-127.4
<b>Total Net Assets - Beginning</b>	978,071	1,226,338	25.4
<b>Total Net Assets - Ending</b>	\$ <u>1,226,338</u>	\$ <u>1,158,324</u>	-5.5

- Revenues of the Authority are generated principally from dwelling rents and HUD Operating Subsidies.
- The Authority's operating revenues decreased by \$5,804. This was mainly due to a decrease in HUD operating monies in the amount \$16,300.
- Operating expenses decreased by \$18,061, mainly due to a decrease in tenant services in the amount of \$13,257.
- Non-operating revenues (expenses) decreased by \$328,538. The primary reason for this decrease is due to a decrease in Capital Grants in the amount of \$310,535.



**Housing Authority of the Town of Vivian  
Management's Discussion and Analysis - Continued  
September 30, 2011**

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**Capital Asset & Debt Administration**

**Capital Assets**

As of September 30, 2011 the Authority's investment in capital assets was \$900,195 (net of accumulated depreciation). This investment included land, building, building improvements, office equipment, and maintenance equipment.

**Capital Assets at Year-End**

	2010	2011
Land *	\$ 19,688	\$ 19,688
Buildings & Improvements	3,048,203	3,062,212
Furniture & Equipment	239,990	236,060
Construction in Progress	-0-	-0-
Accumulated Depreciation	(2,354,383)	(2,417,765)
<b>Total</b>	<b>\$ 953,498</b>	<b>\$ 900,195</b>

\* Land in the amount of \$19,688 is not being depreciated.

**Long Term Debt**

The Authority does not have any long-term liabilities at this time.

**Future Events That Will Impact the Authority**

The Authority relies heavily upon HUD operating subsidies. The amount appropriated has not currently been approved for the FYE 2012 year. Therefore, any results of budget shortfalls cannot be determined.

The Authority is under a contract through its Capital Fund Program to continue with the work as stated above and incorporate any new work items into its operation.

**Contacting the Authority's Financial Management**

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following address:

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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

To the Housing Authority of the Town of Vivian, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Housing Authority of the Town of Vivian and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Housing Authority of the Town of Vivian's compliance with certain laws and regulations during the year ended September 30, 2011 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below whether for the purpose for which this report has been requested or for any other purpose.

***Public Bid Law***

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

\*Our review found no expenditures for public works exceeding \$100,000 and no expenditures for materials and supplies exceeding \$20,000.

***Code of Ethics for Public Officials and Public Employees***

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

\*We obtained a list from the PHA.

3. Obtain from management a listing of all employees paid during the period under examination.

\*We obtained a listing of all employees from the PHA.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

\*None of the employees included on the list of employees provided by PHA appeared on the list provided by PHA in agreed-upon procedure (2).

### *Budgeting*

5. Obtain a copy of the legally adopted budget and all amendments.

\*The PHA is an enterprise fund and budgeting is not required. The PHA prepares a budget on its operations on a governmental fund basis and therefore is not comparable to the financial statements on an enterprise fund basis.

6. Trace the budget adoption and amendments to the minute book.

\*Not applicable.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

\*Not applicable.

### *Accounting and Reporting*

8. Randomly select 6 disbursements made during the period under examination and :

(a) trace payments to supporting documentation as to proper amount and payee;

\*We randomly selected six disbursements using a random number generator. We examined supporting documents for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

\*All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

\*All of the payments received approval from proper authorities.

### *Meetings*

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

\*Inquiries of management found that notices were posted at the business office of the PHA of the meetings' time, place, and agenda.

### *Debt*

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

\*We reviewed the books and records of the PHA and found no deposits or entries that appeared to be loans.

### *Advances and Bonuses*

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

\*Our review of the payroll records and discussions with PHA personnel found no evidence of bonuses, advances or gifts being made.

Our prior year report, dated February 11, 2011, included the following internal control findings:

- 2010-I-1 Small Size of Entity
- 2010-I-2 Overtime Charged to CFP Grants

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Housing Authority of the Town of Vivian and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*John R. Vercher PC*

December 20, 2011  
Jena, Louisiana

## **Basic Financial Statements**

**Housing Authority of the Town of Vivian  
Vivian, Louisiana  
Statement of Net Assets  
September 30, 2011**

	<b>ENTERPRISE FUNDS</b>
<b>CURRENT ASSETS</b>	
Cash & Cash Equivalents	\$ 82,150
Investments	179,630
Receivables (Net of Allowances For Uncollectibles)	430
Prepaid Items	15,975
Inventories	256
<b>RESTRICTED ASSETS</b>	
Tenant's Security Deposit Cash	7,662
<b>TOTAL CURRENT ASSETS</b>	<u>286,103</u>
<b>NON-CURRENT ASSETS</b>	
Capital Assets (Net of Accumulated Depreciation)	900,195
<b>TOTAL NON-CURRENT ASSETS</b>	<u>900,195</u>
<b>TOTAL ASSETS</b>	<u>1,186,298</u>
<b>LIABILITIES</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	4,933
Accrued Pilot	10,811
Accrued Wage/Payroll Taxes Payable	3,890
Deferred Revenues	678
Tenant Security Deposits	7,662
<b>TOTAL CURRENT LIABILITIES</b>	<u>27,974</u>
<b>NON-CURRENT LIABILITIES</b>	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>-0-</u>
<b>TOTAL LIABILITIES</b>	<u>27,974</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	900,195
Unrestricted	258,129
<b>TOTAL NET ASSETS</b>	<u>\$ 1,158,324</u>

See accompanying notes and accountant's report.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana  
Statement of Revenues, Expenses, & Changes In  
Net Assets – Proprietary Funds  
Year Ended September 30, 2011**

	<b>ENTERPRISE FUND</b>
<b>OPERATING REVENUES</b>	
Tenant Revenue	\$ 147,844
HUD PHA Operating Grant	179,849
<b>TOTAL OPERATING REVENUE</b>	<u>327,693</u>
<b>OPERATING EXPENSES</b>	
<i>Administration:</i>	
Administrative Salaries	78,778
EBC Administrative	15,002
Other Operating - Administrative	31,038
<i>Tenant Services</i>	
Tenant Services Salaries	3,062
EBC Tenant Services	583
<i>Cost of Sales &amp; Service:</i>	
Water	19,537
Electricity	4,749
Other Utilities	10,122
Ordinary Maintenance – Labor	65,080
Materials	15,861
Contract Cost	26,945
EBC Maintenance	12,394
Insurance	33,169
Payment in Lieu of Taxes	10,811
Miscellaneous	200
<i>Depreciation</i>	94,377
<b>TOTAL OPERATING EXPENSES</b>	<u>421,708</u>
<b>OPERATING INCOME (LOSS)</b>	<u>(94,015)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>	
Capital Grants	14,009
Interest Earnings	3,543
Other Revenue	8,449
<b>TOTAL NONOPERATING REVENUE (EXPENSES)</b>	<u>26,001</u>
<b>CHANGE IN NET ASSETS</b>	<u>(68,014)</u>
<b>TOTAL NET ASSETS – BEGINNING</b>	<u>1,226,338</u>
<b>TOTAL NET ASSETS - ENDING</b>	<u>\$ 1,158,324</u>

See accompanying notes and accountant's report.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana  
Statement of Cash Flows  
Year Ended September 30, 2011**

	<b>ENTERPRISE FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts From Customers & Users	\$ 147,412
Receipts From Operating Grants	179,849
Payments to Suppliers	(180,869)
Payments to Employees	(148,014)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>(1,622)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Other Revenue	8,449
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>8,449</u>
<b>CASH FLOWS FROM CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	
Subsidy From Capital Grants	14,009
Acquisition & Construction of Capital Assets	(29,754)
<b>NET CASH PROVIDED (USED) BY CAPITAL &amp; RELATED FINANCING ACTIVITIES</b>	<u>(15,745)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investments	(3,781)
Interest & Dividends Received	3,543
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(238)</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(9,156)
<b>CASH, BEGINNING OF YEAR</b>	98,968
<b>CASH, END OF YEAR</b>	<u>89,812</u>
<b>RECONCILIATION TO BALANCE SHEET</b>	
Cash and Cash Equivalents	82,150
Tenants' Security Deposits	7,662
<b>TOTAL CASH &amp; CASH EQUIVALENTS</b>	<b>\$ <u>89,812</u></b>

See accompanying notes and accountant's report.



**Housing Authority of the Town of Vivian  
Vivian, Louisiana  
Statement of Cash Flows  
Year Ended September 30, 2011**

**Reconciliation**

**RECONCILIATION OF OPERATING INCOME TO NET CASH  
PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ <u>(94,015)</u>
Depreciation Expense	94,377
(Increase) Decrease in Accounts Receivable	280
(Increase) Decrease in Prepaid Items	718
(Increase) Decrease in Inventories	(256)
Increase (Decrease) in Accounts Payable	(1,675)
Increase (Decrease) in PILOT	755
Increase (Decrease) in Wages/Payroll Taxes Payable	(1,094)
Increase (Decrease) in Tenant Deposits	300
Increase (Decrease) in Deferred Revenues	<u>(1,012)</u>
<b>TOTAL ADJUSTMENTS</b>	<u><b>92,393</b></u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ <u>(1,622)</u></b>

**LISTING OF NONCASH INVESTING, CAPITAL, & FINANCIAL ACTIVITIES**

Contributions of Capital Assets From Government	\$ <u>-0-</u>
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See accompanying notes and accountant's report

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
SEPTEMBER 30, 2011**

**INTRODUCTION**

The Housing Authority of the Town of Vivian is an apartment complex for persons of low income located in Vivian, Louisiana. The Authority is chartered as a public corporation for the purpose of administering decent, safe and sanitary dwelling for persons of low-income.

Legal title to the Authority is held by the Housing Authority of the Town of Vivian, Louisiana, a non-profit corporation. The Authority is engaged in the acquisition, modernization, and administration of low-rent housing. The Authority is administered by a governing Board of Commissioners (the Board), whose members are appointed by the Mayor of Vivian, Louisiana. Each member serves a four-year term. Substantially all of the Authority's revenue is derived from subsidy contracts with the U. S. Department of Housing and Urban Development (HUD). The annual contributions contracts entered into by the Authority and HUD provide operating subsidies for Authority-owned public housing facilities for eligible individuals.

Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering low-income housing programs in the United States. Accordingly, HUD has entered into a contract with the entity to make annual contributions (subsidies) for the purpose of funding its programs for low-income families.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Because the Housing Authority is legally separated and fiscally independent, the Housing Authority is a separate governmental reporting entity. The Housing Authority includes all funds, activities, etc., that are within the oversight responsibility of the Housing Authority.

The Housing Authority is a related organization of the Town of Vivian because the Town of Vivian appoints a voting majority of the Housing Authority's governing board. The Town of Vivian is not financially responsible for the Housing Authority, as it cannot impose its will on the Housing Authority and there is no possibility for the Housing Authority to provide financial benefit to, or impose financial burdens on, the Town of Vivian. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the Town of Vivian.

**1. SUMMARY OF ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES**

**A. BASIC FINANCIAL STATEMENTS**

The basic financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the primary government and its component units. For the most part, the effect of the Interfund activity has been removed from these statements. The housing authority uses enterprise funds to account for its activities.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)  
SEPTEMBER 30, 2011**

**B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION**

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The housing authority reports the following major proprietary funds:

- The Low Rent Fund is the housing authority's primary operating fund. It accounts for all financial resources of the housing authority, except those required to be accounted for in another fund.
- The CFP Fund is the housing authority's grant operating fund. It accounts for all financial resources of the capital fund projects.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to their same limitation. The housing authority has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of Interfund activity has been eliminated from the basic financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct cost and program revenues reported for the various functions concerned.

Operating revenues and expenses have been reported separately from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The primary operating revenue of the housing authority is derived from tenant revenue. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the housing authority's policy to use restricted resources first, then unrestricted resources as they are needed.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)  
SEPTEMBER 30, 2011**

**C. DEPOSITS & INVESTMENTS**

The housing authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the housing authority's investment policy allow the housing authority to invest in collateralized certificate of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments (bank certificate of deposits in excess of 90 days) for the housing authority are reported at fair value.

**D. RECEIVABLES & PAYABLES**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year referred to as either "due to/from other funds" (i.e., the current portion of Interfund loans) or "advances to/from other funds" (i.e., the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds, as reported in the accompanying financial statements, are offset by a restriction on net assets. All trade and other receivables are shown net of an allowance for uncollectables.

**E. INVENTORIES & PREPAID ITEMS**

All inventories are valued at cost using the first-in/first out method. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

**F. CAPITAL ASSETS**

Capital Assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable columns in the basic financial statements. Capital assets are capitalized at historical cost. The housing maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)  
SEPTEMBER 30, 2011**

All Capital Assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-33 years
Buildings & Building Improvements	15-33 years
Furniture & Fixtures	7-5 years
Vehicles	5 years
Equipment	3-5 years

**G. LONG-TERM OBLIGATIONS**

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**H. EXTRAORDINARY & SPECIAL ITEMS**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the housing authority, which are either unusual in nature or infrequent in occurrence.

**I. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. CASH & INVESTMENTS (CD'S IN EXCESS OF 90 DAYS)**

At September 30, 2011, the housing authority has cash and investments (book balances) totaling \$269,442 as follows:

Demand deposits	\$	89,812
Time deposits		<u>179,630</u>
Total	\$	<u>269,442</u>

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)  
SEPTEMBER 30, 2011**

These deposits are stated at cost, which is approximated market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

***Deposits***

It is the housing authority's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The housing authority's deposits are categorized to give an indication of the level of risk assumed by the housing authority at year end. The categories are described as follows:

- ***Category 1*** – Insured or collateralized with securities held by the housing authority or by its agent in the housing authority's name.
- ***Category 2*** – Collateralized with securities held by the pledging financial institution's trust department or agent in the housing authority's name.
- ***Category 3*** – Uncollateralized.

The actual cash and investment bank balance as of September 30, 2011 totaled \$287,634. Amounts on deposit are secured by the following pledges:

Description	Market Value
FDIC (Category 1)	\$ 250,000
Securities (Category 2)	37,634
<b>Total</b>	<b>\$ 287,634</b>

Deposits were fully secured as of September 30, 2011.

**3. RECEIVABLES**

The Housing Authority had \$ 430 in receivables for the year ended September 30, 2011.

A/R Tenants-Dwelling Rents	\$ 263
Accrued Interest Receivable	167
Allowance for Doubtful Accounts	-0-
<b>Total</b>	<b>\$ 430</b>

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)  
SEPTEMBER 30, 2011**

**4. CAPITAL ASSETS**

All fixed assets are stated at cost. The fixed assets are depreciated using the straight-line method of depreciation with lives ranging from 3-33 years. Changes in fixed assets are as follows:

	Beginning of Period	Additions	Deletions	End of Period
Land *	\$ 19,688	\$ -0-	\$ -0-	\$ 19,688
Buildings & Improvements	3,048,203	14,009	-0-	3,062,212
Furniture & Equipment	239,990	27,065	(30,995)	236,060
Construction in Progress	-0-	-0-	-0-	-0-
<b>Total Capital Assets</b>	<u>3,307,881</u>	<u>41,074</u>	<u>(30,995)</u>	<u>3,317,960</u>
Less Accumulated Depreciation	<u>(2,354,383)</u>	<u>(94,377)</u>	<u>30,995</u>	<u>(2,417,765)</u>
<b>Total Capital Assets, Net of Depreciation</b>	<u>\$ 953,498</u>	<u>\$ (53,303)</u>	<u>\$ -0-</u>	<u>\$ 900,195</u>

\* Land in the amount of \$19,688 is not being depreciated.

All land and buildings are encumbered by a Declaration of Trust in favor of the United States of America as security for obligations guaranteed by the government and to protect other interests of the government.

**5. ACCOUNTS, SALARIES & OTHER PAYABLES**

The payables of \$20,312 at September 30, 2011 are as follows:

Vendors Payable	\$ 4,933
Accrued Pilot	10,811
Accrued Wages/Payroll Taxes Payable	3,890
Deferred Revenues	678
<b>Total</b>	<u>\$ 20,312</u>

**6. LONG-TERM OBLIGATIONS**

To provide for the development and modernization of low-rent housing units, the PHA issued New Housing Authority Bonds and Permanent Notes-FFB. These bonds and notes are payable by HUD and secured by annual contributions. The bonds and notes do not constitute a debt by the Authority, and accordingly, have not been reported in the accompanying financial statements. This debt has been reclassified to HUD equity.

**Housing Authority of the Town of Vivian  
Vivian, Louisiana**

**NOTES TO THE BASIC FINANCIAL STATEMENTS - (CONTINUED)  
SEPTEMBER 30, 2011**

**7. CONTINGENT LIABILITIES**

At September 30, 2011, the housing authority is subject to possible examinations made by federal regulators who determine compliance with terms, conditions, laws and regulations governing grants given to the housing authority in the current and prior years. These examinations may result in required refunds by the housing authority to federal grantors and/or program beneficiaries.

**8. ECONOMIC DEPENDENCY**

Statement of Financial Accounting Standard (SFAS) No. 14 requires disclosure in financial statements of a situation where one entity provides more than 10% of the audited entity's revenues. The Department of Housing & Urban Development provided \$193,858 to the housing authority, which represents approximately 54.8% of the housing authority's revenue for the year.

**9. COMPENSATION PAID TO COMMISSIONERS**

<u>Board Member</u>	<u>Title</u>	<u>Salary</u>
Ethel Williams	Chairman	\$ -0-
David C. Wilson, Jr.	Vice-Chairman	-0-
Donny Fitzgerald	Commissioner	-0-
Donnis Bozeman	Commissioner	\$ -0-





## **Other Reports**

**HOUSING AUTHORITY OF THE TOWN OF VIVIAN  
VIVIAN, LOUISIANA  
For the Year Ended September 30, 2011**

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**MANAGEMENT LETTER COMMENTS**

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During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Housing Authority's plan for corrective action.

**CURRENT YEAR MANAGEMENT LETTER COMMENTS**

No items to report.

**HOUSING AUTHORITY OF THE TOWN OF VIVIAN  
VIVIAN, LOUISIANA**

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**MANAGEMENT'S SUMMARY OF PRIOR YEAR FINDINGS**

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Legislative Auditor  
State of Louisiana  
Baton Rouge, Louisiana 70804-9397

The management of the Housing Authority of the Town of Vivian has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended September 30, 2010.

**PRIOR YEAR FINDINGS**

**2010-I-1 Small Size of Entity (Resolved)**

**Condition:** Because of the small size of the PHA and the lack of separation of duties of employees, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the PHA's cash.

**Recommendation:** We recommended that management continue to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, depositing of funds collected, and review of checks written.

**Client Response and Corrective Action:** Management continued to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected. They also continued to utilize the services of their fee accountant as a means of second party oversight to make sure all monies were accounted for. They also continued to use the overview of the Board member designated as the second signature on all written checks as a second person to review all checks written.

**2010-I-2 Overtime Charged to CFP Grants (Resolved)**

**Condition:** During the 2010 fiscal year, a payroll payment of \$3,500 was made to Marilyn Abraham and charged to the 2007 CFP account 1410. Also, during this fiscal year, a payroll payment of \$1,650 was made to Bobby Abraham and Marilyn Abraham each and charged to the 2008 CFP account 1410. Payments were made for additional time worked outside normal working hours administering the 2007 and 2008 CFP grants.

**Recommendation:** All overtime pay should be approved by the board and documented in the HA's minutes. The overtime should be documented as to days, dates, and hours worked and work performed.

**Client Response and Corrective Action:** The over-time pay was approved in the PHA's Five-Year Action Plan which covered 2005-2009 under account #1410 administration and supported by board resolution #632 dated 03/23/2005. The funds were also approved by HUD in our Annual Statement/Performance Evaluation Report.

## LOUISIANA ATTESTATION QUESTIONNAIRE

**JOHN R. VERCHER PC**  
Certified Public Accountants  
P.O. Box 1608  
Jena, Louisiana 71342  
Tel: (318) 992-6348  
Fax: (318) 992-4374

In connection with your review of our financial statements as of September 30, 2011, and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of December 20, 2011 (date of completion/representations).

### **Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes ☒ No ☐

### **Code of Ethics for Public Officials and Public Employees**

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes ☒ No ☐

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes ☒ No ☐

### **Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes ☒ No ☐

### **Accounting and Reporting**

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes ☒ No ☐

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes ☒ No ☐

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes ☒ No ☐

#### Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes ☒ No ☐

#### Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes ☒ No ☐

#### Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes ☒ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

  
Signature

  
Title